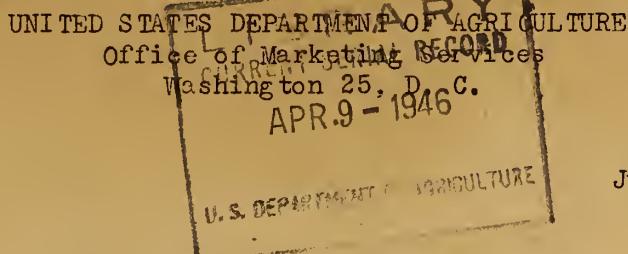


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July 19, 1945

FISCAL DIVISION MEMORANDUM NO. 13

Instructions for Payrolling Under Federal Employees Pay Act of 1945

I GENERAL: The passage of the Federal Employees Pay Act has brought with it many questions as to its interpretation and application. The Office of Budget and Finance has solicited from the various bureaus as many questions as could be visualized at this time and is in the process of requesting from the Comptroller General his formal opinions on these questions. Although advance informal opinions have been obtained from officials of the GAO on some of the questions to be presented, many of them remain unanswered conclusively at the present time, and it is necessary to adopt, temporarily, interpretations which appear to be those most likely to be followed by the Comptroller General or those which are the most conservative.

It is on this basis that the following instructions are issued so that all of the Area Fiscal Offices may payroll uniformly during the first pay periods. Revised procedures of a more permanent nature will be issued when the necessary rulings are obtainable.

II COVERAGE AND EXEMPTIONS:

A Employees Affected: Changes in basic pay rates apply to officers and employees who occupy positions subject to the Classification Act of 1923 as amended. This means that employees whose Personnel Notification, Form AD-126, shows that they hold CPC, CAF, SP, or P grades are entitled to the changes in basic pay rates.

Federally controlled cooperative employees are Federal employees subject to the conditions of the Classification Act and are, therefore, entitled to the salary increase. The cost of this increase will be borne by the Federal Government rather than by the cooperative agency. Questions in regard to the status of any employees about whom there is doubt concerning the application of the Pay Act should be referred to the Chief Fiscal Officer by telegram with a complete description of the position in question.

B Employees Excepted: Non-allocated cooperatively controlled employees, generally known as NACC employees, are the only class of employees paid by the Office of Marketing Services who are not subject to the Federal Employees Pay Act of 1945.

III EFFECTIVE DATE: The provisions of the Act apply to compensation earned on and after July 1, 1945. "Compensation earned" means "compensation for duty performed," "compensation for being in pay status, as distinguished from leave without pay status," and/or "compensation for pay periods beginning." Compensation for duty performed, pay status, or pay periods prior to July 1, 1945, will be computed separately from compensation earned on and after July 1, 1945.

IV WORKING HOURS: The Secretary of Agriculture through Mr. T. Roy Reid, Director of Personnel, by Personnel Memorandum No. P-529 dated June 30, 1945, has established effective July 1, 1945, that:

- A The regular basic workweek of the Department of Agriculture shall be five days of eight hours each from Monday through Friday, and that
- B The regular administrative workweek shall consist of the regular basic workweek plus four hours on Saturday.
- C Special Workweeks: The memorandum provides that bureaus desiring to establish other weeks shall submit their recommendations to the Director of Personnel for consideration. This is being done in the case of certain employees of the Livestock and Meats Branch to cover cases where the Branch renders "round the clock" service to meat packers.
- D Leave and Overtime: The memorandum states, "Leave shall be computed only for the basic forty-hour week. Overtime compensation may be earned only when work is performed beyond the forty-hour basic workweek."
- This precludes charging of leave of any kind for absence on Saturday of the regular administrative workweek and places such Saturday duty in the category of ordered overtime. However, advance permission or a satisfactory explanation will be required for absence on Saturdays, even though no leave will be charged.

Annual or sick leave or leave without pay will be charged for absences Monday through Friday where the regular administrative workweek is applicable. An employee, while on annual or sick leave, will be considered as being in pay status.

V CHANGES IN BASIC PAY RATES:

- A General Rate of Increase: Each of the basic rates of compensation in effect June 30, 1945, is increased by:
 - 20 per cent of the first \$1200
 - 10 per cent of the amount between \$1200 and \$4600, and
 - 5 per cent of the amount in excess of \$4600.

NOTE: Salary Table No. 21 shows the existing rate in the column headed "Old Annual Salary Rate," and the increased rate effective July 1, 1945, is in the column headed "New Annual Salary Rate."

B Exceptions: Exceptions to the above rates have been made in the Crafts, Protective, and Custodial Service which are as follows:

- 1 Charwomen working part time are to be paid at the rate of 78 cents an hour and head charwomen at the rate of 83 cents an hour.
- 2 The following rates have been established in the clerical-mechanical service:

Grade 1, 78 to 85 cents an hour
Grade 2, 91 to 98 cents an hour
Grade 3, \$1.05 to \$1.11 an hour
Grade 4, \$1.18 to \$1.31 an hour

C Minimum Increase: Section 603 (a) of the Act provides that the aggregate per annum, with respect to any pay period in the case of any full-time employee

- 1 Who was a full-time employee on June 30, 1945,
- 2 Whose basic pay rate on June 30, 1945, was \$1800 or less
- 3 Whose compensation is fixed in accordance with the provisions of the Classification Act of 1923 as amended,
- 4 So long as he continues to occupy the identical position he occupied on June 30, 1945,

shall not be less than his basic pay rate on June 30, 1945, plus the smaller of the following:

- 1 \$300
- 2 One-fourth his basic pay rate on June 30, 1945.

Informal conversations have indicated that the GAO interprets the words "Aggregate per annum rate" as basic pay plus overtime. (It will be noted that in Salary Table No. 21 the new basic pay rates for old grade salaries up to the \$1800 rate have been computed without regard to Section 603 (a) of the Act. This is because the overtime involved in the 44-hour week brings the aggregate annual salary well over the minimum prescribed by law.)

It is assumed that the aggregate base plus overtime rate is available to the employee if he wants to use it and that he forfeits his right if he fails to work the prescribed overtime. For this reason Section

603 (a) of the Act shall be disregarded, and the new annual salary rates indicated in Salary Table No. 21 shall be used as the basic rate in computing salaries for employees affected who fail to work the full week, pending issuance of further instructions.

It should be recognized that, when and if the Department prescribes a 40-hour administrative workweek, the basic per annum rate of all employees who comply with the requirements of Section 603 (a) of the Act at that time will be augmented accordingly. This means that an employee who complies with that Section whose basic annual salary rate on June 30, 1945, was \$1620 and whose rate now is \$1902 will be paid then at a rate of \$1920 per annum. Accordingly, care should be taken to indicate all changes in status on your new pay cards so that such individuals may be readily identified. There has been informal indications that the aggregate minimum rate will be shown on Forms AD-126 by the Personnel Division which, if this is true, will provide a means of checking your records when and if the need arises.

D Maximum Increase: The Act provides that no officer or employee, with respect to any pay period, will be paid any aggregate salary which is at a rate in excess of \$10,000 per annum, except any officer or employee

- 1 Who was receiving overtime compensation June 30, 1945, whose aggregate rate on such date was in excess of \$10,000 per annum may receive overtime compensation at such rate as will not cause his aggregate rate of compensation for any pay period to exceed the aggregate rate of compensation he was receiving on June 30, 1945, until he ceases to occupy the position he occupied on June 30, 1945, or until the overtime hours of work in his administrative workweek are reduced; and, when they are reduced, such rate of overtime compensation shall be reduced proportionately, and
- 2 Who, because of the receipt of additional compensation in lieu of overtime, was receiving aggregate compensation at a rate in excess of \$10,000 per annum on June 30, 1945, may continue to receive such rate aggregate compensation so long as he continues to occupy the office or position he occupied on June 30, 1945, but in no case beyond June 30, 1947.

E Night Pay Differential: Section 301 of the Act provides that any civilian officer or employee of the Executive Branch of the Government (this does not include NACC employees, but does include Federally controlled cooperative employees) who is assigned to a regularly scheduled tour of duty, any part of which falls between the hours of 6 o'clock PM and 6 o'clock AM, shall for duty between such hours, excluding periods when he is in a leave status, be paid compensation at a rate 10 per cent in excess of his basic rate of compensation for duty between other hours: Provided, that such differential shall not be included in computing any overtime compensation to which the employee may be entitled.

This Section may apply to certain employees of the Livestock and Meats Branch and possibly to others who are so assigned. Such employees must be in actual duty status, as they are not entitled to the night pay differential while on leave. It should also be borne in mind that only time included in the regularly scheduled basic workweek is covered by the differential.

VI OVERTIME:

- A To Whom Applicable: All civilian officers and employees in or under the Executive Branch of the Government. (This does not include NACC employees, but it does include Federally controlled cooperative employees.)
- B Definition: Any and all hours of work or stand-by duty, officially ordered or approved, in excess of forty hours in the administrative workweek.

C Rates of Compensation:

- 1 Employees whose new basic compensation is at a rate less than \$2980 per annum:
Overtime compensation is 1-1/2 times the basic hourly rate.
- 2 Employees whose new basic compensation is \$2980 per annum or more:
Overtime is computed by multiplying the difference between \$2980 and their new annual basic compensation rate by .076782 and deducting such amount from \$894. Overtime for salaries in excess of \$6440 will not exceed the rate prescribed for \$6440. The result is the annual overtime rate which, when divided by 416 annual overtime hours, gives you the hourly overtime rate.

NOTE: See Salary Table No. 21 for both basic hourly rate (Regular Salary, hourly) and overtime salary rate for each per annum basic pay rate.

- D Compensatory Time Off: The Act states that the Secretary of Agriculture may by regulation provide for granting of compensatory time off from duty in lieu of overtime compensation for irregular or occasional duty in excess of forty-eight hours in any regularly scheduled administrative workweek to those per annum employees requesting such compensatory time off from duty.

NOTE: The regulation required has not as yet been issued. In the event it is issued, it is to be noted that the employee must be paid for the first forty-eight hours of duty performed in any one week. Further, that any extra duty (beyond forty-eight hours in a week) can be converted to compensatory leave only if the employee requests it.

VII PAY COMPUTATION METHODS:

- A Period - For Computation Purpose: The Act provides that for pay computation purposes the basic per annum rate of compensation will be regarded as payment for employment during fifty-two basic administrative workweeks of forty hours each. This means that a basic workweek unit of forty hours shall be used in determining the number of hours at the basic pay rate and the number at the overtime pay rate. As an example, an employee who is in pay status thirty-five hours the first week of the pay period and forty-eight the next is entitled to seventy-five hours base pay and eight hours overtime pay for the two-week period.
- B The Act provides that pay periods shall consist of two administrative workweeks, starting July 1, 1945. Therefore, the first period will end at midnight Saturday, July 14, 1945. The next period will begin at 12:01 AM, July 15, 1945, and end at midnight Saturday, July 28, 1945. Successive periods will end every other Saturday henceforth.
- C Conversion of Annual Rate to Basic Weekly, Daily, or Hourly Rates: The Act provides whenever, for computation purposes, it is necessary to convert an annual rate to a basic weekly, daily, or hourly rate
- 1 The annual rate shall be divided by fifty-two to derive the weekly rate;
 - 2 The weekly rate shall be divided by forty to derive the hourly rate; and
 - 3 A daily rate shall be derived by multiplying an hourly rate by the number of daily hours of service required.

- D Pay and Leave Computations Under Various Conditions: The following examples are based on the regular basic workweek of eight hours each, Monday through Friday, and four hours overtime on Saturday, which make up the prescribed administrative workweek for the Department of Agriculture. These computations are based on a single week, which is the unit of computation rather than the fortnightly pay period.

| Conditions | Regular Pay Due (Hours) | Ordered Pay Due (Hours) | Overtime Pay Due (Hours) | Overtime Pay Due (Hours) | Leave Charged |
|--|----------------------------|----------------------------|-----------------------------|-----------------------------|---------------|
| 1. Works full 44-hour week | 40 | 4 | 0 | 0 | None |
| 2. Takes LWOP for 4 hours during the basic workweek (Monday through Friday) but works 4 hours Saturday | 40 | 0 | 0 | 0 | LWOP 4 hours |

| <u>Conditions</u> | <u>Basic Pay Due (Hours)</u> | <u>Regular Overtime Pay Due (Hours)</u> | <u>Ordered Overtime Pay Due (Hours)</u> | <u>Leave Charged</u> |
|--|--------------------------------------|---|---|--------------------------|
| 3. Works full 40 hours basic workweek but doesn't work on Saturday | 40 | 0 | | None |
| 4. Works 10 hours a day on Monday and Tuesday, 8 hours a day on Wednesday, Thursday, and Friday; doesn't work on Saturday | 40 | | 4 | None |
| 5. Is on sick leave during entire basic workweek but works 8 hours on Saturday | 40 | 4 | 4 | Sick leave 40 hours |
| 6. Is on LWOP during entire basic workweek but works 8 hours on Saturday | 8 | 0 | | LWOP 40 hours |
| 7. New employee enters on duty at the opening of business Wednesday and works remainder of administrative workweek including 4 hours on Saturday | 28 | 0 | | None |
| 8. A meat inspector who has worked a full 40-hour week in addition to Packer Overtime is required to be available at post of duty for 4 hours on Saturday, although no work was actually performed | 40 | 4 | | None |

The first forty hours of duty status during an administrative workweek are to be paid at the basic pay rate, except for Packer Overtime in the case of meat inspectors. Duty status in excess of forty hours in an administrative workweek is to be paid for at the overtime rate. Leave with pay or compensatory time cannot be granted for absence on the "overtime day," which is Saturday in the case of the regular administrative workweek.

E WAE and Part-time Employees:

- 1 Classified WAE employees are entitled to the increased per diem rate corresponding to their grade and old salary rate, and they are also entitled to overtime pay for work in excess of forty hours per week. It is expected that the Personnel Notifications covering the adjustment in pay for this class of employees will

show the annual rate, in which case the corresponding daily or hourly rate can be determined from Salary Table No. 21.

Pending issuance of the notification of the adjustment, the new daily rate can be determined by reducing the old daily rate to an annual basis and finding the corresponding new daily rate on Salary Table No. 21. For example, the salary of an employee formerly receiving \$12.77 per day would be determined as follows: First, find the annual rate corresponding to this daily rate by consulting the old salary table, which in this case is \$4600. Then find this same annual rate in column 6 of Salary Table No. 21, and obtain the new daily rate, which is \$19.9230769, from column 3 of the same table.

- 2 Part-time employees will also receive the proportionate part of the new rate applicable to the time worked. For example, a former \$1620 employee working four hours a day, Monday through Friday, will now be paid at one half of the annual rate of \$1902. If this employee should also work four hours on Saturday, he would receive twenty-four fortieths of the basic weekly salary but would not earn overtime pay, inasmuch as the workweek for part-time employees is limited to thirty-six hours.

Pending issuance of new Personnel Notifications, doubtful cases should be referred to the Area Personnel Office for information as to the correct rate.

H. L. McLeod
H. L. McLeod, Acting
Chief Fiscal Officer